APPENDIX

Revenue Act of 1932, c. 209, 47 Stat. 169:

SEC. 117. NET LOSSES.

(a) *Definition of "Net Loss."*—As used in this section the term "net loss" means the excess of the deductions allowed by this title over the gross income, with the following exceptions and limitations:

(1) Non-business deductions.—Deductions otherwise allowed by law not attributable to the operation of a trade or business regularly carried on by the taxpayer shall be allowed only to the extent of the amount of the gross income not derived from such trade or business;

(2) Capital losses.—In the case of a taxpayer other than a corporation, deductions for capital losses otherwise allowed by law shall be allowed only to the extent of the capital gains;

(3) Depletion.—The deduction for depletion shall not exceed the amount which would be allowable if computed without reference to discovery value, or to percentage depletion under section 114 (b) (3) or (4);

(4) Dividends.—The deduction provided for in section 23 (p) of amounts received as dividends shall not be allowed;

(5) Interest.—There shall be included in computing gross income the amount of interest received free from tax under this title, decreased by the amount of interest paid or accrued which is not allowed as a deduction by section 23 (b);

(6) Net loss not to produce net loss.—In computing the net loss for any taxable year a net loss for a prior year shall not be allowed as a deduction.

(b) *Net loss as a Deduction.*—If, for any taxable year, it appears upon the production of evidence satisfactory to the Commissioner that any taxpayer has sustained a net loss, the amount thereof shall be allowed as a deduction in computing the net income of the taxpayer for the succeeding taxable year (hereinafter in this section called "second year"); the deduction in all cases to be made under regulations prescribed by the Commissioner with the approval of the Secretary.

(c) *Capital Net Gain in Second Year.*—If in the second year the taxpayer (other than a corporation) has a capital net gain, the deduction allowed by subsection (b) of this section shall first be applied as a deduction in computing the ordinary net income for such year. If the deduction is in excess of the ordinary net income (computed without such deduction) the amount of such excess shall then be applied against the capital net gain for such year.

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National Industrial Recovery Act, c. 90, 48 Stat. 195:

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Title II:

SEC. 218 (a). Effective as of January 1, 1933, Sections 117, 23 (i), 169, 187, and 205 of the Revenue Act of 1932 are repealed.

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Title III:

SEC. 303. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

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